

STATE OF HAWAII
STATE PROCUREMENT OFFICE
HONOLULU, HAWAII

Legal Ad Date: March 27, 1998

INVITATION FOR BIDS
NO. IFB-98-131-OHMK
SEALED BIDS
FOR
FURNISHING AND DELIVERING
INTER-ISLAND AIRLINE COUPONS

will be received up to and opened at 2:00 p.m. (HST)

on

April 23, 1998

in the State Procurement Office, Kalanimoku Building, 1151 Punchbowl
Street, Room 416, Honolulu, Hawaii 96813.

Questions relating to this bid solicitation may be directed to Mrs.
Corinne Higa at (808) 586-0570, facsimile (808) 586-0570.

ROBERT J. GOVERNS, CPPB
Procurement Officer

INTER-ISLAND AIRLINE COUPONS
IFB-98-131-OHMK

Procurement Officer
State Procurement Office
State of Hawaii
Honolulu, Hawaii 96813

Dear Sir:

The undersigned has carefully read and understands the terms and conditions specified in the Specifications and Special Provisions attached hereto, and in the General Terms and Conditions dated September 1, 1995 by reference made a part hereof and available upon request; and hereby submits the following offer to perform the work specified herein, all in accordance with the true intent and meaning thereof.

The undersigned further understands and agrees that by submitting this offer, 1) he/she is declaring his/her offer is not in violation of Chapter 84, Hawaii Revised Statutes, concerning prohibited State contracts, and 2) he/she is certifying that the price(s) submitted was (were) independently arrived at without collusion.

Date: _____

Respectfully submitted,

Telephone No.: _____

Fax No.: _____

Exact Legal Name of Offeror

Payment address, if other than
street address at right:

Authorized Signature (Original)

Title

Hawaii General Excise Tax Lic.
I.D. No.: _____

Street Address

Social Sec. or Federal I.D. No.: _____

City, State, Zip Code

If offeror shown above is a "dba" or a "division" of a corporation, furnish the exact legal name of the corporation under which the contract, if awarded, will be executed:

Offeror is: ____ Individual ____ Partnership ____ Corporation ____ Joint
Venture

State of incorporation: Hawaii _____ *Other _____

*If "other", is corporate seal available in Hawaii? ____ Yes ____ No

The following bid is hereby submitted to furnish inter-island airline coupons during the 12-month period July 1, 1998 to June 30, 1999.

The unit bid price shall be based on an estimated purchase of 98,000 coupons. Although the State cannot accurately predict the exact number of coupons to be purchased during this twelve-month period, a listing of actual purchases made between July 1996 to December 1997 is available for inspection at the State Procurement Office.

<u>Unit Bid Price</u>	<u>Estimated Quantity</u>	<u>Total Bid Price</u>
\$_____/coupon	98,000 each	\$_____

Name of Carrier(s)*

*The carrier(s) named must be able to provide at least 8 daily flights between **HONOLULU** and Kona, Hilo, Kahului, Lihue, which are the most frequented destinations. Proof of compliance with this requirement must be submitted with bid. Proof may be in the form of the carriers most current flight schedule or certification by an officer of the carrier that it will provide at least eight (8) daily flights between Honolulu and Kona, Hilo, Kahului, Lihue.

Offeror _____

SPECIAL PROVISIONS

SCOPE

The furnishing and delivering of inter-island airline travel coupons as ordered by the various agencies named shall be in accordance with these Special Provisions and the General Terms and Conditions dated September 1, 1995, included by reference and made a part hereof. Copies of the General Terms and Conditions are available at the State Procurement Office, Room 416, 1151 Punchbowl Street, Honolulu, Hawaii, and on the Internet at <http://www.state.hi.us>.

COMMITMENT TO PURCHASE

In return for prices submitted, the following agencies will purchase all of their inter-island airline travel coupons from the successful low offeror: the Executive Branch, the Senate, the Department of Education, the County of Kauai, and the County of Maui. It is provided, however, that in those few instances when the purchase is not suited to an agency's purpose, an exception to this commitment may be granted to such agency by the Chief Procurement Officer. For purposes of this contract, all participating agencies shall hereafter be referred to as "agencies."

OFFEROR QUALIFICATIONS

In order to qualify for award, a travel agency must be fully accredited, must be a member of the Airline Reporting Corporation (ARC) and must be licensed as a travel agency or travel sales representative by the State of Hawaii, Department of Commerce and Consumer Affairs. Proof of compliance shall be provided within five (5) working days of the State's request. Airlines are exempt from these offeror qualification requirements.

The aircraft to be used shall accomodate at least thirty seven (37) passengers. The carrier(s) named must be able to provide at least eight (8) daily flights between **HONOLULU** and Kona, Hilo, Kahului, Lihue, which are the most frequented destinations. Proof of compliance with this requirement must be submitted with bid.

OFFEROR'S AUTHORITY TO BID

The State will not participate in determinations regarding an offeror's authority to sell a product. If there is question or doubt regarding an offeror's right or ability to obtain and sell a product, the offeror should resolve that question prior to submitting an offer. If an offeror offers a product that meets specifications and is acceptable, and the price submitted is the lowest price bid, the contract will be awarded to that offeror.

TERM OF CONTRACT

The term of this contract shall be for a period of twelve (12) months commencing on July 1, 1998 and may be extended for an additional twelve (12) month period or parts thereof, without the necessity of rebidding and upon mutual agreement in writing. This mutual agreement shall be executed sixty (60) days prior to the contract expiration, provided that the bid price shall remain the same or adjusted as provided for herein.

MULTIPLE CARRIERS

In the event an offeror designates multiple carriers to service this contract, the State shall have access to all flights between HONOLULU and Kona, Hilo, Kahului, Lihue available through these carriers unless offeror restricts travel to specific routes as listed on the Offer Form OF-2, under the section "Name of Carrier(s)*".

BID PREPARATION

Legal Name. Offeror is requested to submit its offer using offeror's exact legal name as registered with the Department of Commerce and Consumer Affairs, if applicable; and to indicate exact legal name in the appropriate space on Offer Form, page OF-1. Failure to do so may delay proper execution of the contract.

Offeror's authorized signature shall be an original signature in ink. If Offer Form, page OF-1, is unsigned or the affixed signature is a facsimile or a photocopy, the offer shall be automatically rejected unless accompanied by other material, containing an original signature indicating the offeror's intent to be bound.

Bid Price. Bid price shall be based on a regular unrestricted one-way fare and shall include the cost of delivery or mailing of the coupons to destinations specified on the purchase orders. These coupons shall entitle the bearer to all the rights and privileges of a regular full-fare passenger.

Bid price shall include all applicable taxes and any other costs incurred to provide the coupons. Bid prices submitted shall be the all-inclusive cost to the agency and no other charges will be honored.

Bid price shall not include any costs associated with mileage credits; employees shall therefore not be entitled to mileage credits.

Submittals. Offeror shall submit a current flight schedule of carrier(s) represented.

Tax Liability. Pursuant to Section 103-53.5, Hawaii Revised Statutes (HRS) as amended, where the offeror or vendor is an out-of-state vendor not doing business in the State of Hawaii or is a person exempted from paying the applicable general excise tax, the package bid or purchase price, for the purpose of determining the lowest price bid, shall be increased by the applicable retail rate of general excise tax (4%) and the applicable use tax (1/2%). The lowest responsible offeror, taking into consideration the above increases, shall be awarded the contract, but the contract amount of any contract awarded shall be the amount of the bid offered and shall not include the amount of the increases.

To facilitate compliance with this requirement, each offeror possessing a Hawaii I.D. number for General Excise Tax License shall enter it in the space provided, thereby attesting that he is doing business in the State and that he will pay such taxes on all sales made to the State.

BID PREPARATION (continued)

If offeror is an out-of-state vendor not possessing a Hawaii General Excise Tax I.D. number, it may or may not be subject to the State of Hawaii Use and General Excise taxes depending on its situation. It is not subject to the taxing jurisdiction of Hawaii, including the use and general excise taxes, if it does not have sufficient presence in Hawaii. If a company sends goods to customers via the mail or common carrier, does not have an office, employees, representation, or inventory or other property in Hawaii, and does not provide supplementary services in Hawaii such as installation, training, or maintenance and repair of equipment, then that company is not subject to either the use tax or the general excise tax.

If, however, a company has property in Hawaii, provides services, or acquires a presence in Hawaii for any period of time, then that company is likely to be subject to the taxing jurisdiction of Hawaii, including the use and general excise taxes. If this is so, then the company will be subject to the use and general excise taxes, and should apply for a general excise tax license.

Questions regarding what constitutes doing business in Hawaii should be directed to any district tax office. The addresses and phone numbers are included in the State of Hawaii Information on Hawaii State Taxes Administered by the Department of Taxation, Publication 1 (November 1993), included herein by reference and available at the State Procurement Office, Room 416, 1151 Punchbowl Street, Honolulu, Hawaii upon request.

Offer Guaranty. Bid security is not required for this bid.

QUANTITIES

The quantity listed is an estimate for the period specified. No guarantee to purchase this exact amount is intended or implied. The unit bid price shall be based on an estimated purchase of 98,000 coupons. Although the State cannot accurately predict the exact number of tickets or coupons to be purchased during this twelve-month period, a listing of all purchases made between July 1996 and December 1997 is available for inspection at the State Procurement Office.

FARE ADJUSTMENTS

Reduction of Fare Structure. In the event of a general fare reduction by the airline industry, the Contractor shall extend the same reduced fare to agencies covered by and under the same terms and conditions of this contract, provided such fare is lower than the bid price.

Special Promotions. In the event a special promotion is offered to the general public by any carrier, the Contractor shall extend the same discounted fare to agencies covered by this contract, provided the promotional fare is less than the bid price and with the understanding that all restrictions which accompany these promotional offers shall prevail over the terms and conditions of this contract.

COUPON EXPIRATION DATE

Each coupon shall be valid for twelve (12) months from date of purchase. The expiration date shall be stamped on each coupon purchased. Upon request by the agency and within one month of expiration, the Contractor shall extend the validity of an expiring coupon for an additional twelve (12) month period. This extension shall be done at no cost to the agency.

METHOD OF AWARD

Award, if any, will be made to the responsive and responsible offeror submitting the lowest Total Bid Price.

CONTRACT EXECUTION

Successful offeror will receive a Notice of Award to which will be attached a State Procurement Office price list. This method of award does not waive compliance with the Special Provisions and General Terms and Conditions of the bid.

ORDERING

Purchase order(s) will be submitted to the Contractor by the agencies as needed during the contract period. Purchase order(s) should contain the following information:

- 1) Quantity of coupons
- 2) Name of carrier
- 3) Name and telephone number of contact employee
- 4) Delivery or mailing address

DELIVERIES

Deliveries to agencies on Oahu shall be made within five (5) working days following receipt of purchase order. Telephone or "will call" orders will be available for pickup within six (6) hours after notification by the agency. Coupons for neighbor island agencies shall be mailed within five (5) working days following receipt of purchase order.

Coupons shall be delivered in person or via "certified mail". The agency will not be responsible for any coupons lost or damaged which are sent via other than "certified mail".

The risk of loss or damage to the coupons during the period of delivery shall be the responsibility of the Contractor until the agency actually takes possession of the coupons, as verified by signature of recipient or in the case of mailed coupons, a returned certified receipt.

INVOICES AND PAYMENT

Contractor shall submit original and three (3) copies of the invoice to the ordering agency. All invoices shall reference the purchase order number, coupon number and contract number.

INVOICES AND PAYMENT (continued)

Section 103-10, HRS, provides that the State shall have thirty (30) calendar days after receipt of invoice or satisfactory delivery of goods to make payment. For this reason, the State will reject any bid submitted with a condition requiring payment within a shorter period. Further, the State will reject any bid submitted with a condition requiring interest payments greater than that allowed by Section 103-10, HRS, as amended.

The State will not recognize any requirement established by the Contractor and communicated to the State after award of the contract, which requires payment within a shorter period or interest payment not in conformance with statute.

PRICE ADJUSTMENT

Passenger Facility Charges. The State of Hawaii, Department of Transportation, with the approval of the Federal Aviation Administration, may impose a Passenger Facility Charge (PFC) at Honolulu International Airport. In the event a PFC is imposed after offer submittal, the Contractor(s) will be allowed an increase in bid price by the amount of the PFC.

Fuel Costs. During the Contract period, the Contractor may request an increase in contract price when a substantial increase in cost of fuel is imposed upon the Contractor by his fuel supplier. Such request must be made in writing to the Procurement Officer thirty (30) calendar days prior to the effective date of the increase and must meet the following conditions:

1. Request for price increase shall be limited to the percent increase imposed upon the Contractor by the fuel supplier. (No allowances will be given for Contractor's increased labor or operating expenses).
2. Contractor shall submit at the time of such written request documentation or verification that the increase is the result of supplier increase in cost of fuel. Documentation shall include Contractor's cost for fuel both at the time Contractor submitted his bid and at the time of request for price increase.
3. No increase shall be allowed within the first ninety (90) days of the contract.

Price increases shall be calculated according to the following formula:

First Increase: $FI = A \times B \times C$

Subsequent Increase(s): $SI = D \times C$

whereby:

A = Original bid price per coupon
B = Percentage of bid price per coupon which represents fuel costs which has been pre-determined to be 16.5%
C = Percentage increase in fuel cost
D = Current adjusted fuel cost (A x B plus any prior fuel cost increase(s))

PRICE ADJUSTMENT (continued)

In the event of a decrease in fuel costs, the Contractor shall be required to adjust the contract price to reflect such decrease, in accordance with the above formula.

SALES REPORT

The Contractor shall submit a quarterly sales report providing the following information: date of purchase, agency, p.o. number, number of coupons purchased, and name of carrier. This report shall be submitted to the State Procurement Office within a month after the end of each quarter.

LIQUIDATED DAMAGES

Refer to Section 6.12 of the General Terms and Conditions. Liquidated damages is fixed at the sum of TWENTY-FIVE DOLLARS (\$25.00) for each and every calendar day the contractor delays in the completion of any purchase order under this contract after the required time for said completion.

ADDITIONS AND EXCEPTIONS TO THE GENERAL TERMS AND CONDITIONS

Approvals. Any agreement arising out of this offer is subject to the approval of the Department of the Attorney General as to form, and to all further approvals, including the approval of the Governor, required by statute, regulation, rule, order, or other directive.

Cancellation of Solicitations and Rejection of Offers. The solicitation may be cancelled or the offers may be rejected, in whole or in part, when in the best interest of the purchasing agency, as provided in Sections 3-122-95 through 3-122-97, Hawaii Administrative Rules.

Provisions from the General Terms and Conditions Not Applicable. Sections 2.11 and 2.14 of the General Terms and Conditions which apply specifically to the Request for Proposals method of source selection are not applicable to Invitation for Bids. Also Sections 2.10 and 2.13 which apply specifically to the Invitation for Bids method of source selection are not applicable to Requests for Proposals.

Records Retention. The Contractor and any subcontractors shall maintain the books and records that relate to the Agreement and any cost or pricing data for three (3) years from the date of final payment under the Agreement.

Preparation of Offer. General Terms and Conditions Section 2.5, paragraph four, is rescinded and replaced with the following:

"An offeror may submit only one offer in response to a solicitation. If an offeror submits more than one offer in response to a solicitation, then all such offers shall be rejected. Similarly, an offeror may submit only one offer for each line item (if any) of a solicitation. If an offeror submits more than one offer per line item, then all offers for that line item shall be rejected."

ADDITIONS AND EXCEPTIONS TO THE GENERAL TERMS AND CONDITIONS (continued)

Preference for Hawaii Products. General Terms and Conditions Section 3.1(B), paragraphs one and two only are rescinded and replaced with the following: "A purchasing agency shall review all specifications in a bid or proposal for purchase from the Hawaii products list where these products are available; provided that the products: Meet the minimum specifications and the selling price f.o.b. jobsite; unloaded, including applicable general excise tax and use tax, does not exceed the lowest delivered price in Hawaii f.o.b. jobsite; and unloaded, including applicable general excise tax and use tax, does not exceed the lowest delivered price of a similar non-Hawaii product by more than: three per cent where class I Hawaii products are involved; five per cent where class II Hawaii products are involved; or ten per cent where class III Hawaii products are involved.

All persons submitting bids or proposals to claim Hawaii products preference shall designate in their bids which individual product and its price is to be supplied as a Hawaii product. Where a bid or proposal contains both Hawaii and non-Hawaii products, then for the purpose of selecting the lowest bid or purchase price only, the price bid or offered for a Hawaii product item shall be decreased by subtracting therefrom: three per cent, five per cent, or ten per cent for the class I, class II, or class III Hawaii product items bid or offered, respectively. The lowest total bid or proposal, taking the preference into consideration, shall be awarded the contract unless the bid or offer provides for additional award criteria. The contract amount of any contract awarded, however, shall be the amount of the bid or price offered, exclusive of the preferences."

Printing Preference. General Terms and Conditions Section 3.1(C), paragraphs one and two are rescinded and replaced with the following: "All bids or proposals submitted for a printing, binding, or stationery contract in which all work will be performed in-state, including all preparatory work, presswork, bindery work, and any other production-related work shall received a fifteen per cent preference for purposes of bid or proposal evaluation.

Where bids or proposals are for work performed in-state and out-of-state, then for the purpose of selecting the lowest bid or evaluating proposals submitted only, the amount bid or proposed for work performed out-of-state shall be increased by fifteen per cent. The lowest total offer, taking the preference into consideration, shall be awarded the contract unless the solicitation provides for additional award criteria. The contract amount awarded, however, shall be the amount of the price offered, exclusive of the preference."

Bond Forms. The bond forms, Exhibits B through H, are replaced by the forms issued by the Procurement Policy Board Directive No. 1997-01, dated November 12, 1997, included herein by reference and made a part hereof. Copies of the bond forms are available at the State Procurement Office, 1151 Punchbowl Street, Room 416, Honolulu, Hawaii 96813.